



CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

May 1, 2001

H.R. 256

**An act to extend for 11 additional months the period for which
chapter 12 of title 11 of the United States Code is reenacted**

As cleared by the Congress on April 26, 2001

H.R. 256 would extend chapter 12 of title 11 of the U.S. Code until June 1, 2001. Chapter 12, which was created by the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (Public Law 99-554), specifies bankruptcy procedures available only to family farmers with regular annual income and is intended to facilitate an efficient and expeditious bankruptcy process. The authorization for such bankruptcy proceedings expired July 1, 2000. CBO estimates that enacting H.R. 256 would result in a negligible loss of offsetting receipts and revenues in 2001.

Based on information from the Executive Office of the United States Trustees, CBO expects that, without the temporary extension of chapter 12, family farmers filing for bankruptcy would split their filings about evenly between chapter 11 and chapter 13. Chapter 12 has a \$200 filing fee and does not require the bankrupt party to pay quarterly fees to the government. Chapter 11, in contrast, requires an \$800 filing fee as well as quarterly filing fees. (On average, \$1,000 is collected per case.) Chapter 13 requires only a \$155 filing fee.

Bankruptcy fees are recorded in three different places in the budget. Portions of the fees are recorded as governmental receipts (revenues), as offsetting collections to the appropriation for the U.S. Trustee System Fund, and as offsetting receipts to the Administrative Office of the United States Courts. The percentage of the fees allocated among these accounts varies by chapter. Because less than 100 bankruptcy cases are likely to be affected by the act, it would have only a small effect on the amount of fees collected in 2001.

The CBO staff contact for this estimate is Lanette J. Walker. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.